Upper Mississippi River and Illinois Waterway System
Navigation Feasibility Study

The following information provides the current status for the Upper Mississippi River and Illinois Waterway System Study.

Following allegations in 2000 and a report by the U.S. Army Inspector General's office, LTG Robert Flowers, Chief of Engineers, directed a pause in the study. During this pause, several significant changes occurred that significantly restructured the study.

Among the changes was the creation of the Federal Principals Group to provide a broad perspective for the study on the future of this critical national asset. The agencies involved in the group include the U.S. Fish and Wildlife Service, Environmental Protection Agency, U.S. Department of Agriculture, and the U.S. Maritime Administration.

Another change in the study directed by LTG Flowers was that oversight for the study was given to the commander of the Corps' Mississippi Valley Division, thereby ensuring involvement by a general officer during the study.

The National Academy of Sciences (NAS) also released a report, Inland Navigation System Planning: The Upper Mississippi River-Illinois Waterway, that recommended a number of changes in the original feasibility study, many of which have been included in the ongoing study.

One of the NAS conclusions in their report's summary (p. 86) was that the ESSENCE model which has been the subject of so much support by critics of Corps' study efforts, while an improvement on earlier models, was not adequate for use in the feasibility study: *"The Corps' new approach to estimating the navigation benefits is a significant advance. The spatial equilibrium model is a major improvement over past models. Unfortunately, the application of the theoretical models is unsuccessful. The data and assumptions used to input to ESSENCE require considerable improvements before ESSENCE can provide reliable input into the feasibility study. The ESSENCE model simplifies the spatial equilibrium model to a point where the basic concepts are lost; the data on grain and freight shipping quantities, origins and destinations, and prices are inadequate."*

The NAS also endorsed the development of a spatial equilibrium model to measure the benefits of navigation improvements. Such a model would measure the response of all the alternative markets for agriculture products to increases in cost of waterway transportation. The Federal Principals Group was aware of the controversy surrounding the development of a spatial equilibrium model for the economic evaluation of navigation improvements. The Principals reviewed the

findings of the National Research Council and, while endorsing these findings, concluded that a fully developed and tested spatial equilibrium model was unlikely to be achieved in a reasonable time frame for feasibility study completion consistent with stakeholder and Congressional expectations.

The Principals support use of existing economic models while research and development on improved models moves forward but within the context of an adaptive management process that would review study results as new models are developed, tested and accepted. The Principals also note that the recommendation development process for the feasibility study will recognize the high level of uncertainty surrounding projections of navigation system traffic and anticipate that decision makers will seek alternative plans that are justified under a wide range of future system traffic conditions and enjoy a broad level of stakeholder support.

On 31 July, 2002 the Corps released a blueprint for moving forward with its plan to ensure that the Mississippi and Illinois rivers continue to be a nationally treasured ecological resource, as well as an effective transportation system. The blueprint is included in the Corps' Interim Report of the restructured Upper Mississippi River and Illinois Waterway System Navigation Feasibility Study.

The Study has been restructured to give equal consideration of fish and wildlife resources and navigation improvement planning consistent with recommendations from the National Research Council and the Federal Principals Group. The restructured study is addressing the navigation efficiency needs of the UMR-IWS, the ongoing cumulative effects of navigation, and the ecosystem restoration needs with a goal of attaining an environmentally sustainable navigation system.

The Interim Report summarizes the results of the navigation feasibility study from its inception and provides a structure for completing the study to ensure the UMR-IWW system continues as a nationally significant ecosystem and a nationally significant commercial navigation system. The Interim Report is not a decision document; rather, it provides a history of past study activities; the purpose of the restructuring; initial plan formulation activities including establishment of goals, objectives and alternatives; and identifies implementation issues. Full economic and environmental evaluations will be contained in the final feasibility report scheduled for completion in 2004. The Interim Report and related information are available at: http://www2.mvr.usace.army.mil/umr-iwwsns/